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Smart Solutions

Anticipate some of your students' questions about default and offer answers with TG's *Handling Default: Frequently Asked Questions*.

TG reaffirms its commitment to schools, students, and families

As H.R. 4872, the Health Care and Education Reconciliation Act of 2010 becomes law, TG reiterates that it will continue to guarantee and provide life-of-the-loan support for FFELP loans first disbursed before July 1, 2010. TG will also continue to pay the one percent federal default fee on behalf of its borrowers for federal Stafford and PLUS loans guaranteed and first disbursed before July 1, 2010.

Going forward, TG remains focused on its mission of promoting college access and helping students and families realize their education and career dreams. At the same time, we stay dedicated to you, our customers and colleagues in financial aid. As we make the transition to the new federal student aid environment, TG offers our commitment, expertise, and support in the form of exceptional customer service to you and your students.

Industry Update

President signs bill that overhauls federal student loan program

This morning, President Barack Obama signed into law H.R. 4872, the Health Care and Education Reconciliation Act of 2010, which enacts his health care proposal and makes the federal government the originator of all federal student loans — effective for loans first disbursed on or after July 1, 2010. Signing the bill at Northern Virginia Community College, the president emphasized the significance of the investment being made in higher education, and the important role that all colleges have in shaping student success.

The student loan initiative of the reconciliation bill will redirect \$68 billion in federal spending over the next decade. Among other things, the money will be used to partially fund health care provisions, expand and strengthen the Federal Pell Grant Program for undergraduate students, improve federal student loan repayment options, and provide more money to community colleges and Historically Black Colleges and Universities.

To learn more

For additional details of the new law, refer to the *Shoptalk* Special Edition [546](#). The newly enacted legislation will also receive extensive coverage at the upcoming TG Annual Training Conference to be held April 7-9 at the AT&T Executive Education and Conference Center in Austin. See the conference article in this edition of *Shoptalk* for more details.

ED releases new guidance on loan purchase programs

Last week, ED posted three new announcements regarding the loan purchase programs authorized by the Ensuring Continued Access to Student Loans (ECASLA).

- March 24, 2010, ECASLA announcement #80, in regard to the asset-backed commercial paper conduit, advises servicers that ED will accept, in lieu of an annual statement and agreed-upon procedures letter that are due by April 15 of each year, the annual compliance audit required by Section 487(c)(1) of the Higher Education Act and 34 CFR 682.416(e). The annual compliance audit must be performed in accordance with the [audit guide](#) published by the Office of Inspector General.
- March 24, 2010, ECASLA announcement #81, in regard to the 2009-2010 loan purchase program, updates information about the 45-day notice of intent to sell submission process, including a template of the 45-day notice of intent to sell, which is intended to be used for all submissions, effective April 1, 2010. The announcement also includes an updated data file layout for the loan conversion transfer and imaging transfer files that are to be used to send any conversion files created on or after June 1, 2010, to the new federal student loan servicers.
- March 26, 2010, ECASLA announcement #82, in regard to 2008-2009 loan purchase program, states the final date ED will accept post sale adjustment requests for funds due to the lender for 2008-2009 loan purchases will be April 2, 2010.

More information

The complete announcements and attachments are available on [ED's ECASLA Web site](#).

ED releases proposed rules for Neg Reg Team IV — Discretionary Grants

On March 23, 2010, ED published a *Federal Register* notice of proposed rules for discretionary grant programs authorized by Title IV of the Higher Education Act of 1965 (HEA), as a result of the negotiated rulemaking (Neg Reg) process conducted with Team IV from mid-February to the end of April 2009.

Background

Specifically, these proposed rules amend current regulations, and establish new regulations, for:

- The High School Equivalency Program and College Assistance Migrant Program (HEP and CAMP);
- The Federal TRIO programs (TRIO Programs—Training Program for Federal TRIO Programs (Training), Talent Search (TS), Educational Opportunity Centers (EOC), Upward Bound (UB), Student Support Services (SSS), and the Ronald E. McNair Postbaccalaureate Achievement (McNair) Programs; and

- The Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP).

These proposed regulations are needed to implement provisions of the HEA as amended by the Higher Education Opportunity Act of 2008 (HEOA) that relate to the HEP and CAMP, Federal TRIO, and GEAR UP programs.

During the meetings, Team IV reviewed and discussed drafts of proposed regulations. At the final meeting in April 2009, the team reached tentative agreement on the proposed regulations for the HEP, CAMP and GEAR UP programs, as well as on many of the proposed TRIO program regulations. However, some non-federal negotiators did not agree to ED's proposed regulations relating to the use of Talent Search grants and the proposed regulations to implement the new statutory requirement for a second review of unsuccessful applications for TRIO grants. Thus, Team IV did not reach consensus on these proposed regulations.

Under the Neg Reg process, if consensus is achieved, ED must use the agreed-upon regulatory language in its proposed rules. If consensus is not achieved, ED determines whether to proceed with regulations. If ED decides to proceed with regulations, it may use regulatory language developed during the negotiations as the basis for its proposed rules, or develop new regulatory language for all or a portion of the proposed rules.

In the *Federal Register* notice, ED proposes "to accept changes that reflect the tentative agreements made in the negotiation sessions for the HEP, CAMP, and GEAR UP programs in their entirety." In the proposed regulations regarding TRIO grants, ED "accepted many of the changes tentatively agreed to in the negotiation sessions."

Invitation to comment

While significant public participation — six public hearings and three negotiated rulemaking sessions — has already contributed in developing these proposed rules, ED invites the public to submit comments regarding these proposed regulations on or before April 22, 2010. To ensure that comments have maximum effect in forming the final regulations, ED urges each commenter to clearly identify the specific section or sections of the proposed regulations that his or her comment addresses and to arrange comments in the same order as they are presented in the proposed regulations.

In preparing the final regulations, ED considers the comments received by the April 22 deadline. The *Federal Register* notice of the final regulations will include a summary of the comments received, ED's response to the comments, and an explanation of any changes made to the regulations that differ from the proposed rules. Generally, final regulations published by November 1 become effective the following July 1.

More information

[The complete, 95-page, Federal Register notice of proposed rules](#), including a summary of the proposed changes, draft amendatory language, and details on how to submit comments, is available online.

More details on Team IV's Neg Reg meetings are available on [ED's HEOA Web page](#).

Further [information on the negotiated rulemaking process](#), as well as transcripts from the six public hearings, may be found online.

ED resolves 2010-11 FAFSA technical Web site error

On Thursday, March 25, 2010, ED announced its resolution of a Web-based technical error that misdirected some 2010-11 applicants who attempted to access the FAFSA using an unsupported browser to the 2009-10 FAFSA instead of the 2010-11 form. Consequently, some applicants may have submitted the wrong FAFSA.

ED believes fewer than 5,000 students were affected by the error which occurred between February 23, 2010, when the Web site was updated, and March 16, 2010, when ED resolved the error.

On Friday, March 26, ED began to contact potentially affected applicants via e-mail and regular mail. Applicants who intended to file a 2010-11 FAFSA but, due to this error, filed a 2009-2010 form instead, are advised to contact ED's Federal Student Aid Information Center at (800) 4-FED-AID Monday through Friday between 8 a.m. and midnight (Eastern Time) for assistance in completing the 2010-11 FAFSA. The call center will also be open on Saturday, March 27 and Sunday, March 28 from 8 a.m. to midnight (Eastern Time). TTY service is also available for the hearing-impaired at (800) 730-8913. Students calling from outside the United States may call (319) 337-5665.

ED asks schools and state grant agencies to accommodate these students by being flexible with deadlines. ED will identify for schools and state grant agencies which students responded to ED's notification by contacting the Customer Service Center. More details about this process will be available in an upcoming announcement.

More information

If you have any questions on this issue, please contact ED's Research and Customer Care Center staff at (800) 433-7327, Monday through Friday between the hours of 9 a.m. and 5 p.m. Eastern Time. After hours calls will be accepted by an automated voice response system and returned the next business day. You may also reach the Customer Care Center staff by fax at (202) 275-5532, or by e-mail at fsa.customer.support@ed.gov.

[ED's complete March 25 announcement](#) is available from the Information for Financial Aid Professionals Web site. [A sample of the message to students](#) is also available.

New loan discharge applications released

On March 24, 2010, ED released *Dear Colleague Letter* (DCL) GEN-10-03/FP-10-01, which announced the approval of revised loan discharge applications. The revised forms include only minor changes to the versions that are currently in use.

The revised loan discharge applications include:

- **Loan Discharge Application: School Closure** — used by FFEL, Federal Direct Loan, and Federal Perkins Loan program borrowers to apply for loan discharge if they were unable to complete their program of study because their school closed.
- **Loan Discharge Application: False Certification (Ability to Benefit)** — used by FFEL and Federal Direct Loan Program borrowers to apply for loan discharge if their ability to benefit was falsely certified by their school.
- **Loan Discharge Application: False Certification (Disqualifying Status)** — used by FFEL and Federal Direct Loan Program borrowers to apply for loan discharge if they had a disqualifying status at the time their loans were certified or originated.
- **Loan Discharge Application: False Certification (Unauthorized Signature/Unauthorized Payment)** — used by FFEL and Federal Direct Loan Program borrowers to apply for loan discharge when there was an unauthorized signature or payment by the school.
- **Loan Discharge Application: Unpaid Refund** — used by FFEL and Federal Direct Loan Program borrowers to apply for loan discharge when a portion of a loan was not refunded in accordance with the regulations governing the Title IV programs.

Lenders, servicers, and schools that provide forms for their students and alumni may begin to use the new forms immediately. They must provide only the newly approved forms to borrowers beginning July 1, 2010. However, if a lender or servicer receives previous versions of these discharge forms after July 1, 2010, the lender or servicer may process them.

PDF versions of the new forms are available as attachments to the DCL and on [TG Online](#).

More information

To access FP-09-06, visit <http://www.ifap.ed.gov/dpcletters/GEN1003.html>. For questions about discharges, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsdc.org.

Closed school corner

The following table provides a list of newly reported school closures and corrections from the Postsecondary Educational Participants System (PEPS) and from the March 2010 *Closed School Monthly Report* supplied by ED. Schools listed are those with which TG has done business or to which TG has otherwise provided services.

Newly reported closures

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
03030902	Diesel Driving Academy – Lafayette	N/A	11/15/2009

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
	3225 A Hwy. 90 East Broussard, LA 70518-3220		

TG Report

TG Annual Training Conference to feature sessions on industry shift

With the passage of H.R. 4872, the Health Care and Education Reconciliation Act of 2010, the financial aid industry focuses on the transition to the Federal Direct Loan Program (FDLP). The upcoming TG Annual Training Conference will feature a number of sessions on the industry shift, along with other important changes, including new 3-year cohort default rate calculation. This year's conference will be held from April 7-9 at the AT&T Executive Education and Conference Center in Austin.



the

Mark your conference agenda for the following sessions, which look at particular aspects of pending industry changes. The complete conference agenda is [available online](#).

- **Gearing up to Implement Direct Lending (School Panel Discusses Office and Technical Considerations)** — During this session, a panel of FDLP schools will discuss their processing experiences. The panelists will consider lessons learned and how their offices operate under FDLP. The panel includes schools that have recently transitioned to FDLP and those who are seasoned FDLP-processing institutions.
- **Winding Down: Transition from TG (Technical Considerations)** — TG representatives will recommend “best practices” as schools manage the shift from TG FFELP to FDLP processing. Presenters will discuss how to use TG resources so that immediate and ongoing FFELP processes are supported, such as change transactions and second and subsequent disbursements. Presenters will discuss ongoing TG support in such areas as default management and private education loan processing.
- **FDLP Servicing Panel** — This session will provide a panel of representatives from the four FDLP servicers awarded contracts by ED. Audience participants will be able to ask questions of panelists and receive updates from the companies represented.
- **Transitioning to a 3-Year Cohort Default Rate** — During this session, participants will learn how a school's cohort default rate (CDR) is calculated and how the Higher Education Opportunity Act (HEOA) has affected CDRs. Discussion will focus on the shift from a 2-year to a 3-year calculation. Participants will also learn about the benefits for schools with lower default rates and the consequences of higher default

rates. In addition, the session will highlight default prevention initiatives to help schools manage their CDRs.

To register

Online registration closed on March 26; however, onsite registration will be available. If you prefer to speak with someone directly about the conference, contact TG's event planning coordinator Judith Cunningham at (800) 252-9743, ext. 2905, or send an e-mail message to judith.cunningham@tgslc.org.

Join the dialogue: TG conference to offer FAMS sessions

Each year, the TG Annual Training Conference offers sessions on various Financial Aid Management Systems (FAMS). These sessions provide an open forum in which schools can share information with other users and ask questions on processing or technical issues. These sessions also allow users to discuss effective FAMS practice.

FAMS sessions at this year's conference will focus on a variety of systems, including Banner®, Peoplesoft®, and Colleague/Datatel®. Each of these sessions will be facilitated by a FAMS school-user and moderated by a TG representative. A fourth workshop will be offered which considers other products, including POISE®, PowerFaid®, SCT®, and various homegrown systems.

Industry focus on the transition to the FDLP makes this year's FAMS sessions timely. Schools can use the FAMS sessions as a medium for discussing the shift to FDLP from an operational standpoint.

To learn more

To mark your conference agenda for specific FAMS sessions dates and times, refer to [TG's online conference agenda](#).

TG provides notice of Put processing in ED servicer cases

Effective March 29, TG will begin notifying schools when an ED servicer reports to TG that a loan has been Put to ED. This notification will be provided in the form of a CommonLine Refresh Record (@1M record), which will update the current holder and servicer of the loan. It is important to note that any transfer of the loan that occurs after the initial Put will not produce a notification from TG. After the loan has been Put, TG will no longer be a party to the loan and, therefore, will not be aware of the transfer.

To learn more

If you have questions, please contact TG's product support team at product.support@tgslc.org, or call (800) 332-1455.

TG offers help for your exit counseling needs

Your graduates are entering a tough job market and a challenging economy. TG offers some help with a printed brochure focusing on life after graduation and online training materials to support your entrance and exit counseling efforts.

Smart help, great timing

New Directions: A Guide to Repaying Your Stafford Loans provides graduating students useful information on their repayment obligations for Stafford loans and includes tips on budgeting, estimating loan payments, deferment, forbearance, and avoiding default.



New Directions also serves as a resource on other topics, including:

- Managing money;
- Understanding the rights and responsibilities of a borrower;
- Evaluating the consequences of not managing repayment;
- Estimating a loan payment amount; and
- Understanding the options available if the student has difficulty making payments.

Offer the booklet to your students who are graduating or about to graduate.

To order the booklet

To order copies of *New Directions*, visit [TG Online](#).

Online entrance and exit counseling support

TG offers online entrance and exit counseling resources for schools to help in implementing the loan entrance and exit counseling requirements.

The Council for the Management of Educational Finance (Council), TG, and its industry partners created a training curriculum to help postsecondary institutions train their staffs to effectively help borrowers manage their student loan debt. TG and the Council developed this training curriculum in an attempt to facilitate the delivery of a consistent message throughout the higher education finance community.

Accessing the resources

The entrance and exit counseling materials, titled "Creating Consistency in Educational Finance: A Training Curriculum," are available through [TG Online](#).

More information

For questions about loan entrance and exit counseling, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.org.

TG's online calculators can help your students estimate college costs and more

TG offers a variety of online calculators for helping students estimate and manage their college expenses. These calculators allow students to project monthly loan payments once they graduate; gauge the expected family contribution (EFC) for students and/or families; and help determine what students can expect to take home in pay given a certain salary, for example. Note that any information presented is a projection and may vary based on borrowed amounts, actual EFC, expenses, and other factors. Here's how each calculator can serve your prospective or ongoing students.

- **Loan Calculator:** By entering loan amount, loan term, and interest rate, students can estimate a monthly repayment. The calculator uses the standard repayment period for a federal student loan of 120 months. It also takes into consideration that borrowers with standard repayment plans are held to a \$50-per-month minimum payment.
- **Daily Interest Calculator:** TG's Daily Interest Calculator illustrates how the number of days between a borrower's last payment, the interest rate, and the principal loan balance affect the amount of interest that accrues each month on a borrower's loans. A borrower can enter the loan principal, the number of days since the last payment, and the interest rate, and then click the "Calculate" button. The calculator will determine the interest rate factor and display the estimated interest due each month.
- **Graduation Planning Calculator:** Using this calculator, students can budget their time to achieve graduation within a specified timeframe. The tool can also help in setting a budget for meeting financial obligations after graduation.
- **Net Earnings Calculator:** With this calculator, students can determine their net earnings on a certain salary.
- **In School and Out of School Budget Worksheets:** Just as their names imply, these calculators compute a monthly budget based on expenses and projected income from loans or earnings or both. The worksheets offer a good way for students to begin thinking about their current needs and about what they would like to earn after they graduate.
- **Expected Family Contribution Calculator:** This calculator provides an estimate of what the student and his or her family will be expected to contribute towards educational expenses for one academic year of postsecondary education. The calculator follows the formula used by ED but notes that official estimates are provided by ED once the student completes and submits the Free Application for Federal Student Aid, or FAFSA.

To learn more

TG's [calculators](#) are available through *Adventures In Education* (AIE™), TG's college and career planning Web site for students and families. If you'd like more information on AIE or the calculators, contact TG's communications team at (800) 252-9743, ext. 4588, or send an e-mail message to communications@tgslc.org.

News Briefs

Students who take most or all of their coursework online can feel isolated from campus life. Some schools, especially those with major distance education offerings, allow students to form virtual student clubs, which offer another way to foster career interests and promote professional connections. The Psychology Club of Pennsylvania State University's online World Campus is an example. The club, comprised of more than 120 members from various states and several countries, hosts online discussions and video lectures through the campus's learning management system. The club also holds question-and-answer sessions with guest speakers from different fields of psychology. [Learn more about the growing trend of online student clubs.](#)



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